

STATE OF DELAWARE  
DEPARTMENT OF FINANCE  
DIVISION OF REVENUE  
601 DELAWARE AVENUE  
WILMINGTON, DELAWARE 19899

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LICENSES


- Non-Resident Contractors

For guidance of Prime Contractors regarding final payment to non-resident subcontractors.

Section 2503,<sup>(b)</sup> Title 30, Delaware Code provides as follows:

"Every architect and/or mechanical engineer and/or general contractor, engaging in the practice of such profession, before the payment of any award or amount payable to any contractor or subcontractor not a resident of this State, shall ascertain from said non-resident contractor or subcontractor and/or the State Tax Department, whether he has obtained a license and satisfied his liability to the State under this chapter, and if said license has not been obtained and the license liability paid by the non-resident contractor or subcontractor, the architect and/or mechanical engineer and/or general contractor shall deduct from the award or amount payable to said non-resident contractor or subcontractor, the amount of said license liability and shall pay same to the Tax Department within ten days after final payment and settlement with the non-resident contractor and subcontractor. Failure to ascertain the payment of license liability of any contractor or subcontractor not a resident of this State, by any architect and/or mechanical engineer and/or general contractor, in accordance with this section, shall render the architect and/or mechanical engineer and/or general contractor personally liable for the license liability of the non-resident contractor or subcontractor."

To facilitate final payments to subcontractors and compliance with the above statutory provision, upon completion of Delaware projects by non-resident subcontractors, the Prime Contractor should request such subcontractors to furnish the Division of Revenue with photostats of all checks remitted in payment of the tax liability reflected on Quarterly License Tax Returns. Upon receipt of such evidence, this office will then be able to advise the Prime Contractor that he has complied with the requirements of Section 2503, conditioned only on the subcontractors filing a quarterly return with respect to any final payment received under the contract.

  
J. H. Kennedy  
Director of Revenue

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